



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Loveland Area Projects—2025 Power Marketing Initiative

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Final 2025 Power Marketing Initiative.

SUMMARY: Western Area Power Administration (Western), Rocky Mountain Region, a Federal power marketing agency of the Department of Energy (DOE), announces the 2025 Power Marketing Initiative (2025 PMI). The 2025 PMI provides the basis for marketing the long-term firm hydroelectric resources of the Loveland Area Projects (LAP) beginning with the Federal fiscal year 2025. Western's Firm Electric Service (FES) contracts associated with the current marketing plan expire September 30, 2024. The 2025 PMI extends the current marketing plan, with amendments to key marketing plan principles.

Western's proposed 2025 PMI was published in the Federal Register on October 17, 2011. Responses to public comments are included in this notice. This Federal Register notice is published to announce Western's decisions for the 2025 PMI.

DATES: The 2025 PMI will become effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Information regarding the 2025 PMI, including comments, letters, and other supporting documents made or retained by Western for the purpose of developing this 2025 PMI, are available for public inspection and copying at Western Area Power Administration, Rocky Mountain Region, 5555 East Crossroads Boulevard, Loveland, CO 80538-8986.

FOR FURTHER INFORMATION CONTACT: Mr. John C. Gierard, Hydraulic Engineer, Western Area Power Administration, Rocky Mountain Region, 5555 East Crossroads Boulevard, Loveland, CO 80538-8986, telephone (970) 461-7445, e-mail gierard@wapa.gov.

SUPPLEMENTARY INFORMATION:

Current Marketing Plan Background

The Post-1989 General Power Marketing and Allocation Criteria (Post-1989 Plan) for the Pick-Sloan Missouri Basin Program-Western Division and the Fryingpan-Arkansas Project (collectively known as Loveland Area Projects or LAP) was published in the Federal Register (51 FR 4012, January 31, 1986) and provided the marketing plan principles used to market LAP firm hydropower resources. The FES contracts associated with the Post-1989 Plan were initially to expire September 30, 2004. Subpart C of the Energy Planning and Management Program (EPAMP) final rule, published in the Federal Register (60 FR 54151, October 20, 1995), extended and amended the Post-1989 Plan. EPAMP authorized extending the FES contracts associated with the Post-1989 Plan through September 30, 2024, and established the Post-2004, Post-2009, and Post-2014 resource pools. The current marketing plan is inclusive of the Post-1989 Plan as extended and amended by EPAMP and the Post-2004, Post-2009, and Post-2014 power marketing initiatives.

2025 PMI

Western initiated informal 2025 PMI discussions with LAP FES customers in the summer of 2011 by holding meetings in the Rocky Mountain Region. In addition, Western held meetings with Native American tribal governments in Kansas and Wyoming to initiate government-to-government consultation with tribal FES customers. The meetings provided customers the opportunity to review current marketing plan principles and provide informal input to Western

for consideration in the 2025 PMI proposal. Key marketing plan principles discussed with FES customers included: Contract Term, Resource Pools, Marketable Resource, Hydrology and River Operations Withdrawal Provision, Marketing Area, and Mt. Elbert Pumped-Storage. Customer input for the 2025 PMI proposal supported Western extending the current marketing plan with amendments to the Contract Term and Resource Pool principles.

Western published its proposed 2025 PMI in the Federal Register (76 FR 64083, October 17, 2011) and initiated a 106-day public comment period. Public information and comment forums on the proposed 2025 PMI were held on November 29, 2011, in Loveland, Colorado, and November 30, 2011, in Topeka, Kansas. Western received no oral comments during the public comment forums and nine comment letters during the public comment period, which closed at 4 p.m. M.S.T., January 30, 2012.

Western's responses to the comments contained in the public comment letters are included in this notice. After consideration of public comments received, Western has decided to finalize the proposed 2025 PMI as published in the Federal Register (76 FR 64083, October 17, 2011).

Response to Comments Regarding the Proposed 2025 PMI

The public comments below regarding the proposed 2025 PMI are paraphrased for brevity when not affecting the meaning of the statement(s).

2025 PMI General Comment:

Comment: All comments received supported the 2025 PMI proposal. Further, the comments indicated the 2025 PMI proposal provided certainty in planning and a sense of energy security.

Response: Western appreciates the support for the 2025 PMI proposal published in the Federal Register (76 FR 64083, October 17, 2011).

Amended Marketing Plan Principles and Comments:

1. Proposed Contract Term: A 30-year contract term would be used for FES contracts. The FES contract term would begin October 1, 2024, and expire September 30, 2054.

Comment: All comments Western received supported the proposed 30-year contract term, although one comment also suggested Western consider a 40-year contract term. Commenters stated a 30-year contract term would provide assurance that the customers who have funded needed capital investments would receive the benefits of that commitment. Comments further indicated the 30-year contract term would provide certainty in customer planning; not adversely affect Western's Federal power program responsibilities; and extend the long standing tradition of working together.

Response: Western considered a 40-year contract term; however, it agrees with the comments above and believes the 30-year contract term strikes the best balance between the customers' need for assurance and Western's need for flexibility. Western clarifies it will execute contracts prior to October 1, 2024, committing the LAP resource for a 30-year period from October 1, 2024, and continuing through September 30, 2054.

Western also recognizes and appreciates the customers' unique contribution in providing funding for needed capital investments in support of the Federal power program.

2. Proposed Resource Pools: The proposed 2025 PMI provides for three resource pools of up to 1 percent of the marketable resource under contract at the time of each reallocation to be available for eligible new preference entities. Reallocations would occur at the beginning of the October 1, 2024, contract term and again every 10 years thereafter on October 1, 2034, and October 1, 2044.

Comment: Customers supported the proposed structure and timing of resource pools stating they will ensure that eligible entities not currently receiving the benefits of LAP hydropower will be able to seek an allocation in the future. It also will ensure fairness among entities through an equitable process.

Response: Western appreciates the customers' support of the proposed resource pools. The resource pools allow Western to market allocations of firm power to eligible new preference entities in such a manner as to promote the most widespread use, in accordance with Federal Reclamation law.

Extended Marketing Plan Principles and Comments:

1. Proposed Marketable Resource: Extend the existing contract rates of delivery commitments, with associated energy, to existing long-term FES customers reduced by up to 1 percent for each new resource pool on October 1, 2024, October 1, 2034, and October 1, 2044.

Comment: Two commenters specifically supported continuation of the current marketable resource, noting Western worked with the United States Bureau of Reclamation in analyzing historic hydrologic data to affirm the viability of the current marketable resource.

Response: Western appreciates the customers' support of its determination of marketable resource.

2. Proposed Hydrology and River Operations Withdrawal Provision: Western would reserve the right to adjust, at its discretion and sole determination, the contract rate of delivery on 5 years advance written notice in response to changes in hydrology and river operations.

Comment: It was noted Western's proposed withdrawal provision fairly reflects the variety of forces that could impact Western's administration of LAP and would provide Western with the tools to address any substantial changes in hydrology and river operations.

Response: Western appreciates the customers' support of flexibility for Western to adjust contract rates of delivery in response to changes in hydrology and river operations.

3. Proposed Marketing Area: Western would continue the current LAP marketing area which is the portion of Colorado east of the Continental Divide; Mountain Parks Electric, Inc.'s service territory in Colorado west of the Continental Divide; the portion of Kansas located in the Missouri River Basin; the portion of Kansas west of the eastern borders of the counties intersected by the 100th Meridian; the portion of Nebraska west of the 101st Meridian; and Wyoming east of the Continental Divide.

Comment: Customers supported continuing the current LAP marketing area and commented that since LAP is a finite and defined resource, expansion of the marketing area is impracticable.

Response: Western appreciates the customers' support of the proposed LAP marketing area.

4. Proposed Mt. Elbert Pumped-Storage: Western would extend the current Mt. Elbert Pumped-Storage contract provisions, which provide for pumped-storage energy.

Comment: Western received no comments on the proposed Mt. Elbert Pumped-Storage.

Final 2025 PMI

Western will extend the current marketing plan with amendments to the Contract Term and Resource Pool principles. The marketing plan principles that are amended as well as the marketing plan principles that are extended are as follows:

Amended Marketing Plan Principles:

1. Contract Term: Western extends its commitment of the LAP resource for a 30-year period beginning October 1, 2024, and continuing through September 30, 2054.
2. Resource Pools: The 2025 PMI provides resource pools of up to 1 percent of the marketable resource under contract at the time for eligible new preference entities. Reallocations will occur beginning October 1, 2024, and again every 10 years thereafter (October 1, 2034, and October 1, 2044).

Extended Marketing Plan Principles:

Extension of the current marketing plan includes all provisions and principles not specifically addressed in the preceding section entitled “Amended Marketing Plan Principles.” The following key principles of the current LAP marketing plan were discussed with FES customers during the proposed 2025 PMI informal customer input phase and the formal public information forums and are included below for reference purposes.

1. Marketable Resource: The contractually committed contract rate of delivery and associated energy in effect on September 30, 2024, will be extended subject to up to 1 percent reduction for each of the resource pools taking effect on October 1, 2024, October 1, 2034, and October 1, 2044.
2. Hydrology and River Operations Withdrawal Provision: Western reserves the right to adjust, at its discretion and sole determination, the contract rate of delivery on 5 years advance written notice in response to changes in hydrology and river operations.
3. Marketing Area: The LAP marketing area will be the portion of Colorado east of the Continental Divide; Mountain Parks Electric, Inc.’s service territory in Colorado west of

the Continental Divide; the portion of Kansas located in the Missouri River Basin; the portion of Kansas west of the eastern borders of the counties intersected by the 100th Meridian; the portion of Nebraska west of the 101st Meridian; and Wyoming east of the Continental Divide.

4. Mt. Elbert Pumped-Storage: The full 200 MW of Mt. Elbert capacity is included in the LAP capacity allocations. Only flow-through generation is included in LAP energy allocations, and customers may schedule capacity without energy. Off-peak energy must be returned to Western commensurate with any on-peak energy taken.

2025 PMI Procedures Requirements

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321-4347 (2007)); the Council on Environmental Quality Regulations for Implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), Western has determined this action is categorically excluded from further NEPA review.

Determination Under Executive Order 12866

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: December 20, 2013

Mark A. Gabriel
Administrator

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